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Zimbabwe

Grain and Feed

Annual

2000

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Report Highlights:

Zimbabwe's 2000 wheat plantings were hampered by the recent social unrest and shortages are foreseen in August/September 2000 and again in 2001. Total import demand could reach 175,000 tons over this period. The current, 1999, corn crop exceeded 2 million tons which bolstered domestic supplies. The new season's plantings later this year will not be severely hampered by the recent commercial farm invasions as the bulk of the crop is produced by small farmers.

Includes P.D. changes: Yes

Includes Trade Matrix: No

Annual Report

Pretoria [SF1], RH

Executive Summary	1
Wheat	2
Production	2
Consumption	3
Trade	3
CORN	4
Production	4
Consumption	5
Marketing	6

Executive Summary

Wheat production in 2000 is forecast to decline by 40% due to the recent civil unrest and the uncertainty over the supply of electricity. There are also indications that there will be a shortage of wheat in the local market between late August and early October 2000. Following the expected decline in production in 2000, there could be a demand for up to 170, 000 MT of wheat imports from about March to October 2001. The most immediate dramatic impact of the recent civil unrest has been on expected 2000 wheat plantings while electricity supply has also been erratic, hampering irrigation.

Corn production in 1999, (referring to the year of planting), is up on 1998 and all forecasts point to a small surplus of production over domestic consumption. The impact of the civil unrest on corn production will only be seen when it comes to planting time from October 2000, but a negative impact is foreseen.

The re-allocation of farmland was a big issue in the recent elections in Zimbabwe with numerous invasions of commercial farms. At this stage it is not clear how the situation will develop and whether it will have repercussions on the future of large scale commercial agricultural production in Zimbabwe.

On 25 June 1998, US\$1.00 = Z\$17.98

On 10 June 1999, US\$1.00 = Z\$38.17

On 16 June 2000, US\$1.00 = Z\$58.60

WHEAT

PSD Table						
Country:	Zimbabwe					
Commodity:	Wheat					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	52	52	60	60	0	36
Beginning Stocks	67	67	72	72	87	80
Production	270	270	310	325	0	195
TOTAL Mkt. Yr. Imports	65	65	45	45	0	175
Jul-Jun Imports	65	65	45	45	0	175
Jul-Jun Import U.S.	65	65	0	0	0	0
TOTAL SUPPLY	402	402	427	442	87	450
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	330	330	340	362	0	350
Ending Stocks	72	72	87	80	87	100
TOTAL DISTRIBUTION	402	402	427	442	87	450

Production

All wheat produced in Zimbabwe is grown under full irrigation during winter. In international terms, the wheat is classified as a spring wheat. In order to achieve adequate qualities of flour, a certain proportion of hard wheat needs to be imported to improve the gristing qualities of the local product. Wheat is produced almost exclusively in the Large Scale Commercial (LSC) sector as the small scale and communal sector do not generally have the resources to produce the crop. Production, depending upon the availability of water, varies from year to year. Forecast 2000 production, before the recent civil unrest started, was between 330,000 MT and 350,000 MT. However, the crises, combined with the extreme shortage of foreign currency and, therefore an unreliable electricity supply, has reduced plantings by approximately 40%. This indicates that there will be a significant shortage of wheat during 2001. It is also currently estimated that there will be a period during September 2000 when Zimbabwe could run into wheat shortages as the Government of Zimbabwe (GOZ) has no foreign exchange to import wheat. Some observers feel that the Government may be forced to sell corn to pay for the wheat purchases until the new crop is harvested from mid-October.

Consumption

It is estimated that domestic demand for wheat is approximately 350 to 400,000 MT per annum. With production of about 300,000 MT, depending upon the availability of water supply, there is an annual shortfall.

Trade

Current stocks are estimated to adequate to take the country through until late August. After that the GOZ and millers are going to have to import some wheat in order to assist the millers in getting through to the new crop due in October. With the expected dramatic decline in production due to political activity, it seems that the wheat import requirements for MY 2000 could be as much as 175,000 MT.

CORN

PSD Table						
Country:	Zimbabwe					
Commodity:	Corn					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Area Harvested	1450	1446	1417	1417	0	1300
Beginning Stocks	500	500	80	80	428	428
Production	1500	1450	2148	2148	0	1622
TOTAL Mkt. Yr. Imports	300	350	0	0	0	0
Oct-Sep Imports	350	350	0	0	0	0
Oct-Sep Import U.S.	24	0	0	0	0	0
TOTAL SUPPLY	2300	2300	2228	2228	428	2050
TOTAL Mkt. Yr. Exports	100	220	0	0	0	0
Oct-Sep Exports	100	200	0	0	0	0
Feed Dom. Consumption	300	325	300	300	0	300
TOTAL Dom. Consumption	2120	2000	1800	1800	0	1800
Ending Stocks	80	80	428	428	428	250
TOTAL DISTRIBUTION	2300	2300	2228	2228	428	2050

Production

White corn accounts for 80 to 85% of national production as it is the staple food for most of the people. Yellow corn is produced almost exclusively by the LSC sector and is used for animal feed. Corn is produced throughout Zimbabwe, with 65% being produced in the 3 northern provinces which have more reliable rainfall.

The areas planted by the different sectors during the previous five years are shown in the following table.

SECTOR	MY 1995	MY 1996	MY 1997	MY 1998	MY 1999
'000 hectare					
Large scale commercial	158	157	130	144	162
Small scale commercial	47	47	37	40	44

Communal & Resettlement	1330	1436	1057	1262	1241
TOTAL	1535	1640	1224	1446	1417

The area planted in 1998 and 1999 is almost the same but production has shown a significant increase, indicating a far better distribution of rains during the summer of 1999/2000 compared to 1998/1999. However, since these estimates were arrived at in late April, very heavy unseasonal rains occurred across the production area during early May which will significantly reduce yields in all sectors. The incidence of poor quality corn will show a very marked increase this year, due to disease and lodging caused by the unseasonal rains.

Table: Average yields in the different production sectors:

SECTOR	MY 1995	MY 1996	MY 1997	MY 1998	MY 1999
Metric ton/ha.					
Larges scale commercial	5.3	4.7	5	4.5	5.25
Small scale commercial	1.8	1.2	1.1	0.65	1.3
Communal & resettlement	1.27	0.97	0.73	0.67	1.03
Average	1.7	1.34	1.2	1.05	1.52

The influence of the rains is clearly shown in the significant increase in yields in 1999 compared to previous years. It seems likely that production will exceed domestic consumption and there will be a small surplus to put back into the Strategic Grain Reserve (SGR). However, the pressure will be on GOZ to sell the surplus to raise funds to pay for wheat imports which will have to occur in mid-2001.

Consumption

As mentioned previously in this report, corn production in Zimbabwe is geared to meet the food needs of the people. Quantities used for feed are very small and the amount used for industrial purposes is negligible. Of the animal feed produced in Zimbabwe, it is estimated that 35 to 40% of content is corn and corn by-products. The quantities of feed used annually will vary with the type of season. Following the good rains of the summer of 1999/2000, the production of feed in MY 1999 is expected to be similar to or only slightly up on MY 1998. In cattle feed, the decline in dairy production and the subsequent decline in dairy feed is expected to be made up by increased production of feed for the feedlots. Of the feed produced, it is estimated that 39% is consumed by the beef and dairy industries, 48% by the poultry industry, 7% by the swine industry and the remainder is consumed by other minor sectors. As the communal sector regards livestock as a measure of wealth, feed is used almost exclusively by the LSC sector. As Zimbabwe is generally self sufficient in agricultural products, except during severe droughts, trade opportunities are limited.

Marketing

The Grain Marketing Board (GMB), acting as the agent for GOZ, is responsible for maintaining the Strategic Grain Reserve (SGR). GOZ has set the level of the SGR at 500,000 MT, and has made financial resources available to the GMB to import more if it is needed. Unfortunately it appears that the SRG supplies were siphoned off over the past few years and at the beginning of April 2000 there were only 80,000 tons in stock instead of the expected 500,000 tons. This situation is still under investigation. In the current difficult economic circumstances, producers are concerned about the governments control of the domestic prices by subsidizing the millers with maize from the SGR. The GOZ has agreed that the GMB will be responsible for operating the SGR but will be funded by GOZ. Following decades of single channel marketing, the GMB has a well developed network of storage facilities strategically placed throughout Zimbabwe. As a result, millers have never had to develop large storage facilities and only have the ability to store 2 - 3 weeks milling on site.

Marketing within Zimbabwe is based on a free market principle. However, the GOZ continues to set the floor price of the commodity through the GMB. Generally, there is little opportunity for imports unless there is an under supply situation.